

October 14, 2020

**BY ELECTRONIC MAIL**

Luly E. Massaro, Commission Clerk  
Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

**RE: Docket 5040 - 2020 Distribution Adjustment Charge (DAC)  
Responses to PUC Data Requests – Set 1**

Dear Ms. Massaro:

I have enclosed an electronic version of National Grid's<sup>1</sup> responses to the Public Utilities Commission's First Set of Data Requests in the above-referenced docket.<sup>2</sup>

Thank you for your attention to this matter. If you have any questions, please contact me at 781-907-2121.

Very truly yours,



Raquel J. Webster

Enclosures

cc: Docket 5040 Service List  
Leo Wold, Esq.  
John Bell, Division  
Al Mancini, Division

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<sup>1</sup> The Narragansett Electric Company d/b/a National Grid (National Grid or Company).

<sup>2</sup> Per Commission counsel's update on October 2, 2020, concerning the COVID-19 emergency period, the Company is submitting an electronic version of this filing. The Company will provide the Commission Clerk with a hard copy and, if needed, additional hard copies of the enclosures upon request.

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.



\_\_\_\_\_  
Joanne M. Scanlon

October 14, 2020  
\_\_\_\_\_  
Date

**Docket No. 5040 – National Grid –2020 Annual Distribution Adjustment Charge Filing (DAC) - Service List as of 9/9/2020**

<b>Name/Address</b>	<b>E-mail</b>	<b>Phone</b>
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PUC 1-1

Request:

Please provide a schedule recalculating the DAC factor, making the following two adjustments: (i) include a credit for all the entire service quality penalties (even though a waiver request is pending); and (ii) zero out the AGT, by crediting the entire \$713,040 (plus interest) to the DAC balance.

Response:

Please see Attachment PUC 1-1. Please note that the recalculated AGT Factor crediting the entire \$713,040 balance through the DAC does not include interest because the interest accrued on the AGT balance is credited back to customers each year through the Reconciliation Factor (see Docket No. 5040, Second Revision Supplemental DAC Filing, Schedule 10S, Page 1, Line 16).

The Company has also included a recalculation of the Low Income Discount Recovery Factor ("LIDRF"), as seen on Attachment PUC 1-1 Pages 5 & 6, because the derivation of the LIDRF is dependent on the proposed DAC rate for low income customers, which decreased as a result of the changes to the AGT and SQI factors.

**Narragansett Gas**  
**Summary of DAC Factors**  
**Effective November 1, 2020**

**Section 1: DAC factor (not including annual ISR component) November 1, 2020 - October 31, 2021**  
**Adjusted to Include A Credit to Customers for the Balance of the AGT Fund and All Service Quality Penalties**

Description	Reference	Amount	Factor		
			Residential/ Small/ Medium C&I	Large/ X-Large	Residential Low Income
			(a)	(b)	(c)
(1) System Pressure (SP)	RMS/MJP-2S Second Revision	\$6,109,925	\$0.0154	\$0.0154	\$0.0154
(2) Advanced Gas Technology Program (AGT)	Attachment PUC 1-1, Pg. 2, Ln (1)	(\$713,040)	(\$0.0017)	(\$0.0017)	(\$0.0017)
(3) Environmental Response Cost Factor (ERCF)	RMS/MJP-4	\$961,315	\$0.0024	\$0.0024	\$0.0024
(4) Pension Adjustment Factor (PAF)	RMS/MJP-5	\$924,808	\$0.0022	\$0.0022	\$0.0022
(5) Arrearage Management Adjustment Factor (AMAF)	RMS/MJP-6	\$600,436	\$0.0015	\$0.0015	\$0.0015
(6) Service Quality Factor (SQP)	Attachment PUC 1-1, Pg. 4, Ln (5)	(\$531,728)	(\$0.0013)	(\$0.0013)	(\$0.0013)
(7) Reconciliation Factor (R)	RMS/MJP-10S	(\$38,361)	\$0.0005	(\$0.0018)	\$0.0005
(8) Earnings Sharing Mechanism (ESM)	RMS/MJP-12	(\$461,331)	(\$0.0011)	(\$0.0011)	(\$0.0011)
(9) Low Income Discount Recovery Factor (LIDRF)	Attachment PUC 1-1, Pg. 5, Ln (1)	\$6,110,727	\$0.0161	\$0.0161	n/a
(10) Storm Net Revenue Factor	RMS/MJP-14	(\$13,302)	\$0.0000	\$0.0000	\$0.0000
(11) Subtotal	Sum [(1):(10)]	\$12,949,448	\$0.0340	\$0.0317	\$0.0179
(12) Uncollectible Percentage	Dkt 4770	1.91%	1.91%	1.91%	1.91%
(13) DAC factors grossed up for uncollectible	(11) ÷ [1-(12)]	\$13,201,598	\$0.0346	\$0.0322	\$0.0182
(14) Revenue Decoupling Adjustment (RDA)	RMS/MJP-7	\$2,009,962	\$0.0069	\$0.0000	\$0.0069
(15) Revenue Decoupling Adjustment Reconciliation	RMS/MJP-10S	(\$994,958)	(\$0.0034)	\$0.0000	(\$0.0034)
(16) DAC factor	(13)+(14)+(15)	\$14,216,603	\$0.0381	\$0.0322	\$0.0217

**Section 2: DAC factors including annual ISR component**

	ISR Reconciliation w/o uncollectible (therms) (a)	Uncollectible Percentage (b)	ISR Reconciliation* (therms) (c) = (a) x [1+(b)]	Base DAC Component* (therms) (d)	DAC Component Subtotal Rates* (therms) (e) = (c) + (d)	ISR Component (therms)* (f)	November 1, 2020 DAC Rates* (therms) (g)
(17) Res-NH	\$0.0004	1.91%	\$0.0004	\$0.0381	\$0.0385	\$0.1663	\$0.2048
(18) Res-NH-LI	\$0.0004	1.91%	\$0.0004	\$0.0217	\$0.0221	\$0.1663	\$0.1884
(19) Res-H	\$0.0007	1.91%	\$0.0007	\$0.0381	\$0.0388	\$0.0742	\$0.1130
(20) Res-H-LI	\$0.0007	1.91%	\$0.0007	\$0.0217	\$0.0224	\$0.0742	\$0.0966
(21) Small	\$0.0016	1.91%	\$0.0016	\$0.0381	\$0.0397	\$0.0718	\$0.1115
(22) Medium	(\$0.0002)	1.91%	(\$0.0002)	\$0.0381	\$0.0379	\$0.0460	\$0.0839
(23) Large LL	(\$0.0015)	1.91%	(\$0.0015)	\$0.0322	\$0.0307	\$0.0440	\$0.0747
(24) Large HL	(\$0.0046)	1.91%	(\$0.0046)	\$0.0322	\$0.0276	\$0.0333	\$0.0609
(25) XL-LL	(\$0.0004)	1.91%	(\$0.0004)	\$0.0322	\$0.0318	\$0.0160	\$0.0478
(26) XL-HL	(\$0.0012)	1.91%	(\$0.0012)	\$0.0322	\$0.0310	\$0.0149	\$0.0459

\*Factors Include Uncollectible Allowance

- (a) RMS/MJP-8S
- (b) Per Docket 4770
- (d) Section 1, Line (16)
- (f) FY21 ISR component per Docket 4996, Revised Section 4, Attachment 1R, Page 1

Narragansett Gas  
AGT Factor  
Effective November 1, 2020

(1) AGT collected through DAC	(\$713,040)
(2) Firm Throughput	39,648,231 dths
(3) AGT Factor per dekatherm	(\$0.0170) per dth
(4) AGT Factor per therm	(\$0.0017) per therm

- (2) Company Forecast
- (3) Line (1) ÷ Line (2)
- (4) Line (3) ÷ 10, truncated to 4 decimal places

Narragansett Gas  
AGT Account Balance and Interest Calculation

	Apr-19 30	May-19 31	Jun-19 30	Jul-19 31	Aug-19 31	Sep-19 30	Oct-19 31	Nov-19 30	Dec-19 31	Jan-20 31	Feb-20 28	Mar-20 31	Total (m)
(1) Beginning Balance	\$713,040	\$713,040	\$713,040	\$713,040	\$713,040	\$713,040	\$713,040	\$713,040	\$713,040	\$713,040	\$713,040	\$713,040	\$713,040
(2) Rebate Disbursements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(3) Other Disbursements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(4) Sub-total Disbursements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(5) Forecasted Throughput from Docket 4323 (dth) L/XL Classes	0	0	0	0	0	0	0	0	0	0	0	0	0
Res H, NH, Small & Medium C&I Classes	0	0	0	0	0	0	0	0	0	0	0	0	0
(6) Base Rates Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(7) L/XL Classes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(8) Res H, NH, Small & Medium C&I Classes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(9) Sub-total Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(10) AGT Balance Refund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(11) AGT Balance Reconciliation													
(12) Ending Balance	\$713,040	\$713,040	\$713,040	\$713,040	\$713,040	\$713,040	\$713,040	\$713,040	\$713,040	\$713,040	\$713,040	\$713,040	\$713,040

Interest Calculation

(13) Month's Average Balance	\$713,040	\$713,040	\$713,040	\$713,040	\$713,040	\$713,040	\$713,040	\$713,040	\$713,040	\$713,040	\$713,040	\$713,040	\$713,040
(14) Bk America Rate less 200 Basis Points	3.50%	3.50%	3.50%	3.50%	3.25%	3.15%	3.00%	2.75%	2.75%	2.75%	2.75%	2.75%	1.78%
(15) Calculated Interest (not applied to balance)	\$2,051	\$2,120	\$2,051	\$2,120	\$1,968	\$1,846	\$1,817	\$1,612	\$1,665	\$1,665	\$1,504	\$1,079	\$21,498

(1) Column (a) Ending Balance per Docket 4955, RMS/AEL-3, Page 2 of 2

(4) Line (2) + Line (3)

(5) Rate year forecast as presented in Docket 4770

(7) Large and Extra Large C&I throughput from Line (5) x \$0.0000 (AGT base rate). Actual revenue for these rate classes are reconciled through the Reconciliation Factor for Large and Extra Large C&I.

(8) Res H, NH, Small & Medium throughput from Line (5) x \$0.0000 (AGT base rate). Actual revenue for these rate classes are reconciled through the Revenue Decoupling Mechanism (RDM).

(9) Line (7) + Line (8)

(12) Lines (1) - (4) + (9) + (10)

(13) Lines [(1)+(12)] ÷ 2

(14) Per RIPUC NG-Gas No. 101, Section 3, Schedule A

(15) Column (m), total interest refunded to customers at RMS-10S, Page 1, line 12 per Docket 4339 Settlement of Issues

Narragansett Gas  
Service Quality Performance Factor  
Effective November 1, 2020

(1) SQP Penalty Amount - Leak Call Response - (Normal Business Hours)	(\$91,008)
(2) SQP Penalty Amount - Meter Testing	(\$75,000)
(3) SQP Penalty Amount - Leak Call Response (Normal Business Hours)	(\$92,383)
(4) SQP Penalty Amount - Leak Call Response (After Business Hours)	<u>(\$273,337)</u>
(5) Total SQP Penalty Amount	(\$531,728)
(6) Firm Throughput	39,648,231 dths
(7) SQP Factor per dth	(\$0.0130) per dth
(8) SQP Factor per therm	(\$0.0013) per therm

- (1) Docket 3476, FY2020 First Quarter Report on Service Quality Plan, filed on November 4, 2019
- (2) Docket 3476, FY2020 Second Quarter Report on Service Quality Plan, filed on March 11, 2020
- (3) Docket 3476, FY2020 Second Quarter Report on Service Quality Plan, filed on March 11, 2020
- (4) Docket 3476, FY2020 Second Quarter Report on Service Quality Plan, filed on March 11, 2020
- (5) Line (1) + Line (2) + Line (3) + Line (4)
- (6) Company Forecast
- (7) Line (5) ÷ Line (6)
- (8) Line (7) ÷ 10, truncated to 4 decimal places

Narragansett Gas  
Calculation of Low Income Discount Recovery Factor (LIDRF)  
Effective November 1, 2020

(1)	Estimated Discount Provided, Rate Year	\$6,110,727
(2)	Forecasted Therms, Rate Year	<u>380,543,100</u>
(3)	Low Income Discount Recovery Factor	\$0.0161

- (1) Page 2, Col (g), Line (11)
- (2) Company Forecast excluding Rates 11 and 13
- (3) Line (1) ÷ Line (2), truncated to four decimal places

Narragansett Gas  
Calculation of Estimated Gas Low Income Discount  
For the Period November 2020 through October 2021

	Rate Year			Rate Year			Total
	Rate 11	Rate 11	Charges	Rate 13	Rate 13	Charges	
	Units	Rate		Units	Rate		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	
(1) Customer Charge	5,970	\$14.00	\$83,580	186,413	\$14.00	\$2,609,782	\$2,693,362
(2) LIHEAP Enhancement Surcharge	5,970	\$0.80	\$4,776	186,413	\$0.80	\$149,130	\$153,906
(3) Distribution Charge Peak	112,454	\$0.6145	\$69,103	12,682,063	\$0.5933	\$7,524,268	\$7,593,371
(4) Distribution Charge Off Peak				3,144,689	\$0.5317	\$1,672,031	\$1,672,031
(5) DAC	112,454	\$0.1884	\$21,186	15,826,752	\$0.0966	\$1,528,864	\$1,550,051
(6) Energy Efficiency Program Charge	112,454	\$0.1011	<u>\$11,369</u>	15,826,752	\$0.1011	<u>\$1,600,085</u>	<u>\$1,611,454</u>
(7) Total Delivery Service Charges			\$190,015			\$15,084,160	\$15,274,175
(8) Commodity Charge	112,454	\$0.5093	<u>\$57,273</u>	15,826,752	\$0.5757	<u>\$9,111,461</u>	<u>\$9,168,734</u>
(9) Total			\$247,288			\$24,195,621	\$24,442,909
(10) Low Income Discount Percentage			<u>25%</u>			<u>25%</u>	
(11) Low Income Discount			\$61,822			\$6,048,905	\$6,110,727

Column (a) & (d): Company Forecast

Column (b) & (e), Line (1) & (3): RIPUC NG-GAS No. 101, Section 4, Schedule B & Schedule D

Column (b) & (e), Line (2): Approved LIHEAP surcharge effective January 1, 2020 per Docket 4290

Column (b) & (e), Line (5): Adjusted DAC factor, Attachment PUC 1-1, Pg. 1, Ln (18) & Ln (20)

Column (b) & (e), Line (6): Approved EE factor effective January 1, 2020 per Docket 4979

Column (b) & (e), Line (8): Proposed GCR factor effective November 1, 2020 per Docket 5066

Column (c), Lines (1)-(6), (8): Col (a) x Col (b)

Column (f), Lines (1)-(6), (8): Col (d) x Col (e)

Column (g), Lines (1)-(6), (8): Col (c) + Col (f)

Line (7): Sum of Lines (1):(6)

Line (9): Line (7) + Line (8)

Line (10): RIPUC NG-GAS No. 101, Section 4, Schedule B & Schedule D

Line (11): Line (9) x Line (10)

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 5040  
In Re: 2020 Distribution Adjustment Charge Filing  
Responses to the Commission's First Set of Data Requests  
Issued on October 5, 2020

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PUC 1-2

Request:

Please provide a schedule which shows the combined revenue increases for both the DAC and GCR, as proposed. Please also provide a second schedule showing the same information, but including the adjustment specified in request 1. In both schedules, please also show the percentage increase on total gas company revenues (including revenue from all rate components such as distribution, ISR, DAC, GCR, and gross receipts tax).

Response:

Please see Attachment PUC 1-2, Page 1 for the combined GCR and DAC revenue increase as proposed, and Attachment PUC 1-2, Page 2 for the combined GCR and DAC revenue increase including the adjustment specified in PUC 1-1. The revenue increases are summarized below:

<b>Combined GCR &amp; DAC Recovery as filed in Docket 5040</b>	<b>Combined GCR &amp; DAC Recovery as filed in Docket 4955</b>	<b>Increase</b>	<b>Increase as a Percentage of Total Revenue</b>
\$171,434,125	\$139,740,904	\$31,693,221	7.9%
<b>Combined GCR &amp; DAC Recovery as adjusted in PUC 1-1</b>	<b>Combined GCR &amp; DAC Recovery as filed in Docket 4955</b>	<b>Increase</b>	<b>Increase as a Percentage of Total Revenue</b>
\$170,449,234	\$139,740,904	\$30,708,330	7.6%

The Narragansett Electric Company  
Total Combined Increase of DAC/GCR, As Filed  
2020/2021 vs. 2019/2020

	<u>2020/2021</u>	<u>2019/2020</u>	<u>Increase (Decrease)</u>
(1) System Pressure (SP)	\$6,109,925	\$163,175	\$5,946,750
(2) Advanced Gas Technology Program (AGT)	\$0	\$0	\$0
(3) Environmental Response Cost Factor (ERCF)	\$961,315	\$1,085,051	(\$123,736)
(4) Pension Adjustment Factor (PAF)	\$924,808	(\$916,227)	\$1,841,035
(5) Arrearage Management Adjustment Factor (AMAF)	\$600,436	\$376,209	\$224,227
(6) Service Quality Factor (SQP)	(\$287,855)	(\$75,000)	(\$212,855)
(7) Reconciliation Factor (R)	(\$38,361)	\$1,066,372	(\$1,104,733)
(8) Earnings Sharing Mechanism (ESM)	(\$461,331)	\$0	(\$461,331)
(9) Low Income Discount Recovery Factor (LIDRF)	\$6,119,893	\$5,539,911	\$579,982
(10) Tax True-Up Factor	\$0	(\$3,262,655)	\$3,262,655
(11) Gas Storm Restoration Work Credit	(\$13,302)	(\$566,107)	\$552,805
(12) LIAP Base Rate Fund Reconciliation Factor	<u>\$0</u>	<u>(\$1,228,172)</u>	<u>\$1,228,172</u>
(13) Subtotal	\$13,915,528	\$2,182,557	\$11,732,970
(12) Uncollectible Percentage	<u>1.91%</u>	<u>1.91%</u>	
(13) Uncollectible Adjustment	<u>\$270,962</u>	<u>\$42,499</u>	<u>\$228,464</u>
(14) DAC Including Uncollectible	\$14,186,490	\$2,225,056	\$11,961,434
(15) Revenue Decoupling Adjustment Reconciliation	<u>(\$994,958)</u>	<u>(\$291,094)</u>	<u>(\$703,863)</u>
(16) Total DAC Filing	\$13,191,532	\$1,933,962	\$11,257,571
(17) FY 2020 ISR Reconciliation Filing	(\$4,353)	\$2,425,967	(\$2,430,320)
(18) Revenue Decoupling Adjustment (RDA) Filing	<u>\$2,009,962</u>	<u>(\$10,271,482)</u>	<u>\$12,281,444</u>
(19) Total DAC Recovery, As Filed	\$15,197,142	(\$5,911,553)	\$21,108,695
(20) Total GCR Recovery, As Filed	<u>\$156,236,983</u>	<u>\$145,652,457</u>	<u>\$10,584,526</u>
(21) Combined DAC and GCR Recovery	\$171,434,125	\$139,740,904	\$31,693,221
(22) Total Revenue Including Gross Earnings Tax			\$401,713,343
(23) Increase as a Percent of Total Revenue			7.9%

- (1)-(18) (a) Docket 5040, October 9, 2020 Second Revised Supplemental Filing, Schedule RMS/MJP-1S, Line (16) plus October 9, 2020 Second Revised Supplemental Filing, Schedule RMS/MJP-8S, Column (h), Line (11) ÷ (1-0.0191)  
(b) Docket 4955, September 3, 2019 DAC Filing, Schedule RMS/AEL-1S, Line (18) plus Schedule RMS/AEL-8S, Column (h), Line (11) ÷ (1-0.0191)
- (19) Sum of Lines (1) through (18)
- (20) (a) Docket 5066, October 9, 2020 Second Revised Filing, Attachment RMS/MJP-1 Second Revision, Page 2, Line (15), Column (e) + Column (f) plus Page 3, Line (12), adjusted by 1.91% for uncollectible recovery  
(b) Docket 4963, September 3, 2019 GCR Filing, Attachment MJP/AEL-1, Page 2, Line (15), Column (e) + Column (f) plus Page 3, Line (12), adjusted by 1.91% for uncollectible recovery
- (21) Line (19) + Line (20)
- (22) Page 3, Line (7)
- (23) Line (21), Column (c) ÷ Line (22)

The Narragansett Electric Company  
Total Combined Increase of DAC/GCR, Inclusive of AGT Fund Credit and Full Service Quality Penalty Credit  
2020/2021 vs. 2019/2020

	<u>2020/2021</u>	<u>2019/2020</u>	<u>Increase (Decrease)</u>
(1) System Pressure (SP)	\$6,109,925	\$163,175	\$5,946,750
(2) Advanced Gas Technology Program (AGT)	(\$713,040)	\$0	(\$713,040)
(3) Environmental Response Cost Factor (ERCF)	\$961,315	\$1,085,051	(\$123,736)
(4) Pension Adjustment Factor (PAF)	\$924,808	(\$916,227)	\$1,841,035
(5) Arrearage Management Adjustment Factor (AMAF)	\$600,436	\$376,209	\$224,227
(6) Service Quality Factor (SQP)	(\$531,728)	(\$75,000)	(\$456,728)
(7) Reconciliation Factor (R)	(\$38,361)	\$1,066,372	(\$1,104,733)
(8) Earnings Sharing Mechanism (ESM)	(\$461,331)	\$0	(\$461,331)
(9) Low Income Discount Recovery Factor (LIDRF)	\$6,110,727	\$5,539,911	\$570,816
(10) Tax True-Up Factor	\$0	(\$3,262,655)	\$3,262,655
(11) Gas Storm Restoration Work Credit	(\$13,302)	(\$566,107)	\$552,805
(12) LIAP Base Rate Fund Reconciliation Factor	\$0	(\$1,228,172)	\$1,228,172
(13) Subtotal	\$12,949,448	\$2,182,557	\$10,766,891
(12) Uncollectible Percentage	<u>1.91%</u>	<u>1.91%</u>	
(13) Uncollectible Adjustment	<u>\$252,151</u>	<u>\$42,499</u>	<u>\$209,652</u>
(14) DAC Including Uncollectible	\$13,201,599	\$2,225,056	\$10,976,543
(15) Revenue Decoupling Adjustment Reconciliation	(\$994,958)	(\$291,094)	(\$703,863)
(16) Total DAC Filing	\$12,206,641	\$1,933,962	\$10,272,680
(17) FY 2020 ISR Reconciliation Filing	(\$4,353)	\$2,425,967	(\$2,430,320)
(18) Revenue Decoupling Adjustment (RDA) Filing	<u>\$2,009,962</u>	<u>(\$10,271,482)</u>	<u>\$12,281,444</u>
(19) Total DAC Recovery, As Adjusted	\$14,212,251	(\$5,911,553)	\$20,123,804
(20) Total GCR Recovery, As Filed	<u>\$156,236,983</u>	<u>\$145,652,457</u>	<u>\$10,584,526</u>
(21) Combined DAC and GCR Recovery	\$170,449,234	\$139,740,904	\$30,708,330
(22) Total Revenue Including Gross Earnings Tax			\$401,713,343
(23) Increase as a Percent of Total Revenue			7.6%

(1)-(18) (a) Attachment PUC 1-1, Page 1, Line (16) plus October 9, 2020 Second Revised Supplemental Filing,

Schedule RMS/MJP-8S, Column (h), Line (11) ÷ (1-0.0191)

(b) Docket 4955, September 3, 2019 DAC Filing, Schedule RMS/AEL-1S, Line (18) plus Schedule RMS/AEL-8S, Column (h), Line (11) ÷ (1-0.0191)

(19) Sum of Lines (1) through (18)

(20) (a) Docket 5066, October 9, 2020 Second Revised Filing, Attachment RMS/MJP-1 Second Revision, Page 2, Line (15), Column (e) + Column (f) plus Page 3, Line (12), adjusted by 1.91% for uncollectible recovery

(b) Docket 4963, September 3, 2019 GCR Filing, Attachment MJP/AEL-1, Page 2, Line (15), Column (e) + Column (f) plus Page 3, Line (12), adjusted by 1.91% for uncollectible recovery

(21) Line (19) + Line (20)

(22) Page 3, Line (7)

(23) Line (21), Column (c) ÷ Line (22)

The Narragansett Electric Company  
Accumulation of Total Revenue  
2019/2020

(1)	2019/2020 Distribution Revenue	\$216,486,349
(2)	2019/2020 DAC Recovery	\$4,158,031
(3)	2019/2020 GCR Recovery	\$139,863,867
(4)	2019/2020 EE Recovery	<u>\$29,402,823</u>
(5)	Total Revenue	\$389,911,071
(6)	Gross Earnings Tax	\$11,802,272
(7)	Total Revenue Adjusted for Gross Earnings Tax	\$401,713,343

- (1) Per Company's Billing System
- (2) Per Company's Billing System
- (3) Per Company's Billing System
- (4) Per Company's Billing System
- (5) Sum Lines (1) - (4)
- (6) Per Company's Billing System
- (7) Line (5) + Line (6)

PUC 1-3

Request:

Please provide schedules which recalculate the total increase in the DAC and GCR as shown both ways in response to request 2, but reduce the combined DAC and GCR increases by 50%, assuming the balance would be accounted for as a "COVID Deferral" to be recovered at a time and in a manner to be determined by the Commission at a later date. Please also show the resulting rates that would take effect on November 1 under these hypothetical scenarios.

Response:

Please see Attachment PUC 1-3(a) and Attachment PUC 1-3(b) for the requested information.

The DAC amount in Attachment PUC 1-3(a), Section 1, Line (1), Column (a) reflects the Company's response to PUC 1-1 that includes a credit for the full amounts of the balance in the AGT Fund and the Service Quality penalty, and the slight reduction to the estimated Low-Income Discount Recovery Factor ("LIDRF") recovery as a result of these two adjustments. The DAC amount in Attachment PUC 1-3(b), Section 1, Line (1), Column (a) reflects the Company's proposal in its Second Revision Supplemental Filing filed on October 9, 2020 in Docket No. 5040.

In Section 1, Line (4) of Attachment PUC 1-3(a) and Attachment PUC 1-3(b), the Company has calculated 50 percent of the combined increase in the DAC and GCR as the "COVID Deferral."

In Section 2 of Attachments PUC 1-3(a) and PUC 1-3(b), the Company has calculated an allocator with which to allocate the illustrative COVID Deferral to the Company's rate classes. This allocator is based upon the estimated per-therm increase in the DAC Factors multiplied by the forecasted 2020/2021 throughput.

On Page 2 of Attachments PUC 1-3(a) and PUC 1-3(b), in Section 3, the Company has allocated the "COVID Deferral" to its rate classes and calculated a per-therm credit for each rate class. The Company has then reduced the DAC Factors<sup>1</sup> calculated in PUC 1-1 and proposed in the Company's Second Revision Supplemental Filing by per-therm credits calculated in Column (f) of Section 3 of Attachment PUC 1-3(a) and PUC 1-3(b), respectively. The DAC Factors that would result from the two downward adjustments from PUC 1-1 and the reduction in the estimated LIDRF recovery, as well as a 50% reduction in the resulting increase in the combined DAC and GCR, are presented in Column (f) of Section 3 of Attachment PUC 1-3(a). Similarly,

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<sup>1</sup> The Company has applied the "COVID Deferral" to its DAC Factors in order to flow the 50% reduction to all firm customers.

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 5040  
In Re: 2020 Distribution Adjustment Charge Filing  
Responses to the Commission's First Set of Data Requests  
Issued on October 5, 2020

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PUC 1-3, page 2

the DAC Factors proposed in the Company's Second Revision Supplemental Filing, adjusted for a 50% reduction in the resulting increase in the combined DAC and GCR, are presented in Column (f) of Section 3 of Attachment PUC 1-3(b).

The Narragansett Electric Company  
Combined DAC / GCR Recovery and Increase from Prior Year  
2020/2021 vs. 2019/2020

**Section 1: 50% of Total Combined Increase of DAC/GCR, Inclusive of AGT Fund Credit and Full Service Quality Penalty Credit**

	Att PUC 1-1 & October 9, 2020 Revised GCR Filing (a)	September 3, 2019 RMS/AEL-1S (b)	Increase (c)
(1) DAC	\$14,212,251	(\$5,911,553)	\$20,123,804
(2) GCR	<u>\$156,236,983</u>	<u>\$145,652,457</u>	<u>\$10,584,526</u>
(3) Total	\$170,449,234	\$139,740,904	\$30,708,330
(4) 50% Reduction in Increase to be Credited to Customers and Recovered at a Future Date		50%	(\$15,354,165)

- (1) (a) Attachment PUC 1-1, Line (17) plus October 9, 2020 Schedule RMS/MJP-8S, Column (h), Line (11) ÷ (1-0.0191)  
(b) Docket 4955, September 3, 2019 DAC Filing, Schedule RMS/AEL-1S, Line (17) plus Schedule RMS/AEL-8s, Column (h),  
Line (11) ÷ (1-0.0191)
- (2) (a) Docket 5066, October 9, 2020 Attachment RMS/MJP-1 Second Revision, Page 2, Line (15), Column (e) + Column (f) plus  
Page 3, Line (12), adjusted by 1.91% for uncollectible recovery  
(b) Docket 4963, September 3, 2019 GCR Filing, Attachment MJP/AEL-1, Page 2, Line (15), Column (e) + Column (f) plus Page 3,  
Line (12), adjusted by 1.91% for uncollectible recovery
- (3) Line (1) + Line (2)
- (4) Column (b) x Line (3), Column (c)

**Section 2: Development of Allocator to Allocate 50% Reduction in the Combined Increase in the DAC/GCR to Rate Classes**

	DAC Factor per PUC 1-1 (a)	April 2020 DAC (b)	per therm Increase (c)	2020/2021 Throughput (d)	Increase in DAC Revenue (e)	Allocator (f)
(5) Residential-Non Heating	\$0.2048	\$0.1849	\$0.0199	316,082	\$62,900	0.31%
(6) Residential-Non Heating-Low Income	\$0.1884	\$0.1709	\$0.0175	11,245	\$1,968	0.01%
(7) Residential-Heating	\$0.1130	\$0.0536	\$0.0594	18,259,753	\$10,846,293	53.82%
(8) Residential-Heating-Low Income	\$0.0966	\$0.0396	\$0.0570	1,582,675	\$902,125	4.48%
(9) Small C&I	\$0.1115	\$0.0511	\$0.0604	2,570,841	\$1,552,788	7.70%
(10) Medium C&I	\$0.0839	\$0.0154	\$0.0685	6,107,404	\$4,183,572	20.76%
(11) Large C&I Low Load	\$0.0747	\$0.0532	\$0.0215	2,884,361	\$620,138	3.08%
(12) Large C&I High Load	\$0.0609	\$0.0347	\$0.0262	1,193,189	\$312,616	1.55%
(13) X-Large C&I Low Load	\$0.0478	\$0.0268	\$0.0210	1,318,881	\$276,965	1.37%
(14) X-Large C&I High Load	\$0.0459	\$0.0201	\$0.0258	5,403,799	\$1,394,180	6.92%
(15) Total					\$20,153,545	100.00%

- (a) Attachment PUC 1-1
- (b) DAC Factors currently in effect
- (c) Column (a) - Column (b)
- (d) Company Forecast
- (e) Column (c) x Column (d)
- (f) Each line of Column (e) as a percent of Column (e), Line (15)

The Narragansett Electric Company  
Combined DAC / GCR Recovery and Increase from Prior Year  
2020/2021 vs. 2019/2020

**Section 3: Allocation of 50% Reduction to Rate Classes and Resulting Factors**

	<u>Allocator from Section 2</u> (a)	<u>Allocation of Reduction</u> (b)	<u>2020/2021 Throughput</u> (c)	<u>Covid Deferral per Therm</u> (d)	<u>DAC Factor per PUC 1-1</u> (e)	<u>Resulting Factors</u> (f)
<u>DAC Factors</u>						
(1) Residential-Non Heating	0.31%	(\$47,921)	316,082	(\$0.0151)	\$0.2048	\$0.1897
(2) Residential-Non Heating-Low Income	0.01%	(\$1,499)	11,245	(\$0.0133)	\$0.1884	\$0.1751
(3) Residential-Heating	53.82%	(\$8,263,349)	18,259,753	(\$0.0452)	\$0.1130	\$0.0678
(4) Residential-Heating-Low Income	4.48%	(\$687,292)	1,582,675	(\$0.0434)	\$0.0966	\$0.0532
(5) Small C&I	7.70%	(\$1,183,006)	2,570,841	(\$0.0460)	\$0.1115	\$0.0655
(6) Medium C&I	20.76%	(\$3,187,293)	6,107,404	(\$0.0521)	\$0.0839	\$0.0318
(7) Large C&I Low Load	3.08%	(\$472,458)	2,884,361	(\$0.0163)	\$0.0747	\$0.0584
(8) Large C&I High Load	1.55%	(\$238,169)	1,193,189	(\$0.0199)	\$0.0609	\$0.0410
(9) X-Large C&I Low Load	1.37%	(\$211,008)	1,318,881	(\$0.0159)	\$0.0478	\$0.0319
(10) X-Large C&I High Load	6.92%	(\$1,062,169)	5,403,799	(\$0.0196)	\$0.0459	\$0.0263
(11) Total	100.00%	(\$15,354,164)				
<u>GCR Factors</u>						
(12) High Load				\$0.0000	\$0.5093	\$0.5093
(13) Low Load				\$0.0000	\$0.5757	\$0.5757

Lines (1) through (10)

- (a) Page 1, Section 2, Column (f)
  - (b) Page 1, Section 1, Line (4), Column (c) x Column (a)
  - (c) Page 1, Section 2, Column (d)
  - (d) Column (b) ÷ Column (c), truncated to 4 decimal places
  - (e) Page 1, Section 2, Column (a)
  - (f) Column (d) + Column (e)
- 
- (12) Docket 5066, October 9, 2020 GCR Filing, Attachment RMS/MJP-1 Second Revision, Line (5)
  - (13) Docket 5066, October 9, 2020 GCR Filing, Attachment RMS/MJP-1 Second Revision, Line (5)

The Narragansett Electric Company  
Combined DAC / GCR Recovery and Increase from Prior Year  
2020/2021 vs. 2019/2020

**Section 1: 50% of Total Combined Increase of DAC/GCR, as proposed in Second Revision Supplemental DAC Filing filed on October 9, 2020**

	October 9, 2020 Revised DAC Filing & Revised GCR Filing (a)	September 3, 2019 RMS/AEL-1S (b)	Increase (c)
(1) DAC	\$15,197,141	(\$5,911,553)	\$21,108,694
(2) GCR	<u>\$156,236,983</u>	<u>\$145,652,457</u>	<u>\$10,584,526</u>
(3) Total	\$171,434,124	\$139,740,904	\$31,693,220
(4) 50% Reduction in Increase to be Credited to Customers and Recovered at a Future Date		50%	(\$15,846,610)

- (1) (a) Docket 5040, October 9, 2020 Second Revision Supplemental Filing, Schedule RMS/MJP-1S, Line (16) plus October 9, 2020 Schedule RMS/MJP-8S, Column (h), Line (11) ÷ (1-0.0191)  
(b) Docket 4955, September 3, 2019 DAC Filing, Schedule RMS/AEL-1S, Line (17) plus Schedule RMS/AEL-8s, Column (h), Line (11) ÷ (1-0.0191)
- (2) (a) Docket 5066, October 9, 2020 Attachment RMS/MJP-1 Second Revision, Page 2, Line (15), Column (e) + Column (f) plus Page 3, Line (12), adjusted by 1.91% for uncollectible recovery  
(b) Docket 4963, September 3, 2019 GCR Filing, Attachment MJP/AEL-1, Page 2, Line (15), Column (e) + Column (f) plus Page 3, Line (12), adjusted by 1.91% for uncollectible recovery
- (3) Line (1) + Line (2)
- (4) Column (b) x Line (3), Column (c)

**Section 2: Development of Allocator to Allocate 50% Reduction in the Combined Increase in the DAC/GCR to Rate Classes**

	DAC Factor per October 9, 2020 Filing (a)	April 2020 DAC (b)	per therm Increase (c)	2020/2021 Throughput (d)	Increase in DAC Revenue (e)	Allocator (f)
(5) Residential-Non Heating	\$0.2071	\$0.1849	\$0.0222	316,082	\$70,170	0.33%
(6) Residential-Non Heating-Low Income	\$0.1907	\$0.1709	\$0.0198	11,245	\$2,227	0.01%
(7) Residential-Heating	\$0.1153	\$0.0536	\$0.0617	18,259,753	\$11,266,267	53.46%
(8) Residential-Heating-Low Income	\$0.0989	\$0.0396	\$0.0593	1,582,675	\$938,526	4.45%
(9) Small C&I	\$0.1138	\$0.0511	\$0.0627	2,570,841	\$1,611,917	7.65%
(10) Medium C&I	\$0.0862	\$0.0154	\$0.0708	6,107,404	\$4,324,042	20.52%
(11) Large C&I Low Load	\$0.0771	\$0.0532	\$0.0239	2,884,361	\$689,362	3.27%
(12) Large C&I High Load	\$0.0632	\$0.0347	\$0.0285	1,193,189	\$340,059	1.61%
(13) X-Large C&I Low Load	\$0.0502	\$0.0268	\$0.0234	1,318,881	\$308,618	1.46%
(14) X-Large C&I High Load	\$0.0483	\$0.0201	\$0.0282	5,403,799	\$1,523,871	7.23%
(15) Total					\$21,075,059	100.00%

- (a) Docket 5040, October 9, 2020 Second Revision Supplemental Filing, Schedule RMS/MJP-1S, Section 2, Column (g), Lines (17)-(26)
- (b) DAC Factors currently in effect
- (c) Column (a) - Column (b)
- (d) Company Forecast
- (e) Column (c) x Column (d)
- (f) Each line of Column (e) as a percent of Column (e), Line (15)

The Narragansett Electric Company  
Combined DAC / GCR Recovery and Increase from Prior Year  
2020/2021 vs. 2019/2020

**Section 3: Allocation of 50% Reduction to Rate Classes and Resulting Factors**

	<u>Allocator from Section 2</u> (a)	<u>Allocation of Reduction</u> (b)	<u>2020/2021 Throughput</u> (c)	<u>Covid Deferral per Therm</u> (d)	<u>DAC Factor per October 9, 2020 Filing</u> (e)	<u>Resulting Factors</u> (f)
<u>DAC Factors</u>						
(1) Residential-Non Heating	0.33%	(\$52,762)	316,082	(\$0.0166)	\$0.2071	\$0.1905
(2) Residential-Non Heating-Low Income	0.01%	(\$1,675)	11,245	(\$0.0148)	\$0.1907	\$0.1759
(3) Residential-Heating	53.46%	(\$8,471,252)	18,259,753	(\$0.0463)	\$0.1153	\$0.0690
(4) Residential-Heating-Low Income	4.45%	(\$705,690)	1,582,675	(\$0.0445)	\$0.0989	\$0.0544
(5) Small C&I	7.65%	(\$1,212,021)	2,570,841	(\$0.0471)	\$0.1138	\$0.0667
(6) Medium C&I	20.52%	(\$3,251,303)	6,107,404	(\$0.0532)	\$0.0862	\$0.0330
(7) Large C&I Low Load	3.27%	(\$518,340)	2,884,361	(\$0.0179)	\$0.0771	\$0.0592
(8) Large C&I High Load	1.61%	(\$255,695)	1,193,189	(\$0.0214)	\$0.0632	\$0.0418
(9) X-Large C&I Low Load	1.46%	(\$232,054)	1,318,881	(\$0.0175)	\$0.0502	\$0.0327
(10) X-Large C&I High Load	7.23%	(\$1,145,818)	5,403,799	(\$0.0212)	\$0.0483	\$0.0271
(11) Total	100.00%	(\$15,846,610)				
<u>GCR Factors</u>						
(12) High Load				\$0.0000	\$0.5093	\$0.5093
(13) Low Load				\$0.0000	\$0.5757	\$0.5757

Lines (1) through (10)

- (a) Page 1, Section 2, Column (f)
  - (b) Page 1, Section 1, Line (4), Column (c) x Column (a)
  - (c) Page 1, Section 2, Column (d)
  - (d) Column (b) ÷ Column (c), truncated to 4 decimal places
  - (e) Page 1, Section 2, Column (a)
  - (f) Column (d) + Column (e)
- (12) Docket 5066, October 9, 2020 GCR Filing, Attachment RMS/MJP-1 Second Revision, Line (5)  
(13) Docket 5066, October 9, 2020 GCR Filing, Attachment RMS/MJP-1 Second Revision, Line (5)

PUC 1-4

Request:

Please propose any alternative rate mitigation plans that would significantly reduce the impact on natural gas heating costs for Rhode Islanders for the upcoming winter, given the potential negative impacts of COVID on the ability of many customers to pay their energy bills this winter.

Response:

In addition to the adjustments to the DAC recovery described in the Company's response to Data Requests PUC 1-1 and PUC 1-3, the Company does not have any alternative rate mitigation plans that would significantly reduce the upcoming winter bill impacts for all customers. As indicated in the Company's response to RR PUC-1, the Company acknowledges the hardships many of its customers are facing due to the ongoing COVID-19 Pandemic and agrees that providing assistance to customers struggling to pay their bills is in the best interest of customers, the Company, and Rhode Island.

The Company believes this can best be achieved with targeted solutions for affected customers by utilizing assistance programs offered by the Company rather than applying an over-arching deferral of rate increases for all customers, which would compound into even larger bill impacts in the future. Any revenue not recovered would be deferred and would accrue carrying charges, creating a larger amount to be recovered from customers and resulting in larger bill impact for all customers in the future, which is still uncertain. Instead of reducing the bills of all customers (some of whom may not face challenges in paying their natural gas bills), the Company believes it should focus on those customers who require assistance in paying their bills and find ways to assist these customers directly.

The Company believes that there may be other opportunities to address these issues instead of implementing DAC and GCR factors that are not at a level necessary to recover the amount the Company has requested as reflected in its filings. The Company encourages the Rhode Island Public Utilities Commission to consider ways in which the existing low-income discount rate schedules and Arrearage Management Program may be temporarily enhanced to provide additional assistance to those customers who receive assistance through these two programs to help them manage and pay their utility bills. This would provide additional support to those in Rhode Island who would need it most.

PUC 1-4, page 2

The Company believes that it is more important than ever for customers to take advantage of the Company's programs designed to help customers manage their bills and how they use energy. All of the Company's customers have access to the Company's Budget Billing Plan designed to help mitigate bill fluctuations by estimating an annual bill amount based on prior usage and smoothing out monthly bill payments over the course of a year. Customers may also take advantage of energy efficiency programs designed to help reduce customer gas usage, which would result in lower bills. In addition, income eligible customers may also qualify for total bill discount (25% or 30% depending on eligibility), LIHEAP enhancement grants, and arrearage forgiveness grants, which can add up to substantial bill assistance.

Finally, although the proposed GCR and DAC factors are higher than last year's, resulting in a bill increase for customers, most of the increase is driven by the elimination of prior period one-time credits and prior year over-recoveries and not by increases in Company costs.

Approximately \$16.8 million of the \$21.1 million DAC increase results from non-cost items. The non-cost items included in this \$16.8 million are: (1) a \$12.3 million change in the balance to be reflected in the DAC factor associated with the revenue decoupling mechanism (from an over-recovery of \$10.3 million to an under-recovery of \$2.0 million); (2) the expiration of one-time credits of \$3.3 million resulting from the reduction of the corporate federal income tax rate<sup>1</sup>; and (3) the final \$1.2 million credit balance of the Low Income Assistance Program fund, previously recovered through base distribution rates, that was terminated in PUC Docket No. 4770. The two one-time credits were provided to customers through the DAC this past year and are expiring on October 31, 2020.

In sum, much of the proposed increase in customer bills results from the expiration of credits that have benefitted customers over the past year, not for costs incurred or estimated to be incurred by the Company.

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<sup>1</sup> The Tax Cuts and Jobs act lowered the Federal Corporate Tax rate from 35 percent to 21 percent effective January 1, 2018.